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The Importance  
of Health

March 23, 2004

Canada

*"No other priority speaks so directly to the decisions we have made as a country about how we will live as a society."*

Ralph Goodale, Minister of Finance  
2004 Budget Speech

## Strengthening Health Care

Canada's universal public health care system gives concrete expression to the principles of fairness and equality of opportunity that define our identity as Canadians.

Budget 2004 reaffirms the Prime Minister and Government's commitment to work with the provinces and territories to reform and sustain Canada's health care system.

It is, therefore, providing growing, predictable and sustainable funding in support of Canada's health care system. To that end Budget 2004:

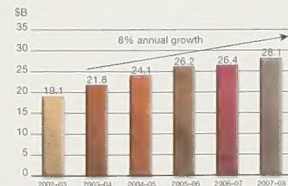
- Confirms an additional \$2 billion for the provinces and territories for health, bringing to \$36.8 billion the funding provided under the 2003 Health Accord.
- Establishes a new Canada Public Health Agency, which will be a focal point in Canada's national network for disease control and emergency response.
- Provides immediate funding of \$665 million this fiscal year and over the next two years to improve Canada's readiness to deal with public health emergencies. This is in addition to the about \$400 million to be transferred from Health Canada to the new agency.

## Investments in Health Care

The 2003 First Ministers' Accord on Health Care Renewal established growing and predictable new funding for health care and set out important reform and reporting objectives. Budget 2003 provided \$34.8 billion in additional funding for health over five years.

At the January 2004 First Ministers' Meeting, the Prime Minister confirmed an additional \$2 billion for health would be provided to provinces and territories. These funds will be provided on an equal per capita basis, through a cash supplement to the Canada Health and Social Transfer (CHST).

This \$2 billion investment brings the annual federal contribution to public health spending in Canada to about 40 per cent of the total.

Federal Cash Transfer:  
Health and Social

To ensure growing and predictable support, the Government has legislated cash transfers to provinces and territories for health and social programs to 2007-08. In that year, cash transfers will reach \$28.1 billion.

This is an average increase of \$1.8 billion a year—and an average annual growth rate of 8 per cent over the five-year period of the Accord, which is substantially higher than the expected growth in nominal gross domestic product (GDP).

## Improved Accountability for Transfers

The 2003 Accord set out a new accountability framework, including a commitment for provinces and territories to report regularly to Canadians, facilitated by the new Health Council.

The Government committed to make its transfers more transparent by restructuring the CHST into two new transfers as of April 1, 2004: the Canada Health Transfer and the Canada Social Transfer.

Combined cash and tax transfers, including the five-year, \$16 billion Health Reform Transfer, bring federal support for health and social programs to \$49.3 billion in 2007-08.

## Sustainable Health Care

*"The real challenge is putting Canada's health system on a truly sustainable footing. Indeed, when I met with my provincial and territorial colleagues in February, every single one of them reflected the consensus I had heard during all my pre-budget consultations—sustainability must be our focus."*

Ralph Goodale, Minister of Finance  
2004 Budget Speech

The framework of predictable and growing federal support for health care would not have been possible without the Government maintaining balanced budgets or better.

However, the high rate of growth of health care expenditures raises the question of how best to sustain Canada's publicly funded health care system without putting at risk either the hard-won fiscal progress made since the mid-1990s or much needed investments in other priority areas.

Canadians need their governments to work together on reforms to the health system and on ensuring its long-term sustainability for future generations.

To this end, the Prime Minister has proposed a First Ministers' Meeting this summer to discuss the sustainability of the health care system in the context of other national priorities.



## A Stronger Public Health System

Recent public health emergencies have made it clear that changes are required to Canada's public health system to address future infectious disease outbreaks.

In making these changes, the Government's objective is to work with provinces, territories and other stakeholders to develop a seamless public health system, so that Canada is ready to respond to an infectious disease outbreak similar to severe acute respiratory syndrome (SARS).

### *A New Canada Public Health Agency and a Chief Public Health Officer*

The Government will appoint a Chief Public Health Officer for Canada, who will be actively involved in the design and creation of the Canada Public Health Agency—including its organizational structure and its role in developing a national approach to public health—in close consultation with the Government of Canada, provinces, territories and other stakeholders. The Chief Public Health Officer will be the head of the new agency and will help coordinate the national response during public health disasters and emergencies.

The Canada Public Health Agency, reporting to the Minister of Health, will focus on the management of infectious diseases, emergency preparedness and response, and chronic diseases.

The new agency will make citizen engagement a key priority and will be linked to the global network of public health agencies. The Government will identify Health Canada programs and activities that will become part of the new agency.

### *Immediate Action to Address Existing Gaps*

Budget 2004 proposes immediate additional funding of \$665 million this fiscal year and over the next two years to improve Canada's readiness to deal with public health emergencies, including:

- \$165 million to assist in creating the new agency and to fund its main activities. This is in addition to the about \$400 million to be transferred from Health Canada to the new agency. Resources will be used to increase emergency response capacity, enhance surveillance by developing and implementing data collection standards, establish regional centres of excellence, expand laboratory capacity, and strengthen international coordination.
- \$100 million to be invested in Canada Health Infoway to assess, develop and implement a high quality, real-time public health surveillance system to assist in the timely identification of infectious disease outbreaks such as SARS.
- \$400 million to provinces and territories over the next three years to support a national immunization strategy and to relieve stresses on provincial and territorial public health systems that were identified during the SARS outbreak.

## *A Plan for the Future*

The funding announced in this budget addresses immediate gaps in Canada's public health system. Through these changes, Canada's public health system will have greater capacity in surveillance, diagnosis and response, along with improved information sharing, training and education, and collaboration across jurisdictions.

The Government of Canada expects to make further investments once the new Canada Public Health Agency is set up, the Chief Public Health Officer has developed a comprehensive public health plan, and the Government has had the opportunity to evaluate the need for additional resources.

## **Improvements for Canadians with Disabilities and Caregivers**

### *Improved Tax Fairness*

The Government is taking steps to make the tax system fairer for persons with disabilities or above average medical expenses and those who care for them.

Since 1996 the value of tax relief for these individuals has more than doubled to over \$1.2 billion a year.

In the 2003 budget, the Government established a Technical Advisory Committee on Tax Measures for Persons with Disabilities, which is scheduled to report in the fall of 2004.

Based on the Committee's work to date, Budget 2004 proposes a new disability supports deduction to reduce barriers to education and employment, at an annual cost of \$15 million.

As well, additional tax relief will be provided to caregivers to better recognize medical or disability-related expenses incurred on behalf of their dependants, at a cost of \$20 million in 2004-05.

### *Improved Workplace Integration*

The Government of Canada will continue to work in partnership with provincial and territorial governments, employers and the community to increase support for workplace integration of persons with disabilities.

The Government will also ensure that its policies as the nation's largest employer do more to promote the hiring and retention of Canadians with disabilities in government employment. It will also encourage similar action in the federally regulated sector.

The budget provides increased funding of \$30 million per year from 2004-05 onward to support employment assistance programming delivered by provinces and territories. This will significantly increase the Government's ongoing commitment of \$193 million per year under the recently negotiated federal-provincial-territorial Multilateral Framework for Labour Market Agreements for Persons with Disabilities.

## *Facilitating Transitions into Employment*

The Canada Pension Plan (CPP) will be amended to facilitate reintegration into the workforce of recipients of CPP disability benefits. Disability benefits will be reinstated to recipients who attempt to return to work but who are subsequently forced to stop working within two years for reasons relating to their disability.

## **How Can I Get More Information on Budget 2004?**

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